



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR**

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**AMITE COUNTY, MISSISSIPPI**

**Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2004**



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AMITE COUNTY

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AMITE COUNTY

FINANCIAL SECTION

AMITE COUNTY

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# State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

## INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Members of the Board of Supervisors  
Amite County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Amite County, Mississippi, as of and for the year ended September 30, 2004, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Amite County, Mississippi, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2005, on our consideration of Amite County, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Amite County, Mississippi, has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



PHIL BRYANT  
State Auditor



WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

May 25, 2005

AMITE COUNTY

FINANCIAL STATEMENTS

AMITE COUNTY  
Statement of Net Assets  
September 30, 2004

Exhibit 1

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 4,532,406	165,376	4,697,782
Property tax receivable	2,588,780		2,588,780
Accounts receivable (net of allowance for uncollectibles of \$83,115)		136,145	136,145
Fines receivable (net of allowance for uncollectibles of \$367,719)	134,628		134,628
Intergovernmental receivables	73,410		73,410
Other receivables	305		305
Internal balances	7,163	(7,163)	
Capital assets, net	4,003,872	452,924	4,456,796
<b>Total Assets</b>	<b>11,340,564</b>	<b>747,282</b>	<b>12,087,846</b>
<b>LIABILITIES</b>			
Claims payable	639,485	36,596	676,081
Intergovernmental payables	89,935		89,935
Unearned revenue	2,588,780	45,591	2,634,371
Other payables	14,491		14,491
Long-term liabilities			
Due within one year:			
Capital debt	120,772		120,772
Non-capital debt	20,000		20,000
Due in more than one year:			
Capital debt	987,699		987,699
Non-capital debt	170,386	4,086	174,472
<b>Total Liabilities</b>	<b>4,631,548</b>	<b>86,273</b>	<b>4,717,821</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,895,401	452,924	3,348,325
Restricted:			
Expendable:			
General government	246,366		246,366
Debt service	117,581		117,581
Public safety	661,607		661,607
Public works	1,192,179	208,085	1,400,264
Culture and recreation	10,410		10,410
Unemployment compensation	46,160		46,160
Unrestricted	1,539,312		1,539,312
<b>Total Net Assets</b>	<b>\$ 6,709,016</b>	<b>661,009</b>	<b>7,370,025</b>

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY  
Statement of Activities  
For the Year Ended September 30, 2004

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,674,467	255,292			(1,419,175)		(1,419,175)
Public safety	1,073,501	128,681	203,124		(741,696)		(741,696)
Public works	2,131,803		928,669	208,293	(994,841)		(994,841)
Health and welfare	140,748		10,756		(129,992)		(129,992)
Culture and recreation	83,878				(83,878)		(83,878)
Conservation of natural resources	49,527				(49,527)		(49,527)
Economic development and assistance	71,707			19,675	(52,032)		(52,032)
Interest on long-term debt	57,267				(57,267)		(57,267)
Total Governmental Activities	<u>5,282,898</u>	<u>383,973</u>	<u>1,142,549</u>	<u>227,968</u>	<u>(3,528,408)</u>	<u>0</u>	<u>(3,528,408)</u>
Business-type activities:							
Solid waste	<u>585,352</u>	<u>462,462</u>	<u>24,612</u>			<u>(98,278)</u>	<u>(98,278)</u>
Total Primary Government	<u>\$ 5,868,250</u>	<u>846,435</u>	<u>1,167,161</u>	<u>227,968</u>	<u>(3,528,408)</u>	<u>(98,278)</u>	<u>(3,626,686)</u>
General revenues:							
Property taxes					\$ 2,590,079		2,590,079
Road & bridge privilege taxes					181,176		181,176
Grants and contributions not restricted to specific programs					531,593		531,593
Unrestricted interest income					80,159	4,330	84,489
Miscellaneous					121,454		121,454
Transfers					<u>1,599</u>	<u>(1,599)</u>	
Total General Revenues and Transfers					<u>3,506,060</u>	<u>2,731</u>	<u>3,508,791</u>
Changes in Net Assets					<u>(22,348)</u>	<u>(95,547)</u>	<u>(117,895)</u>
Net Assets - Beginning					6,730,243	756,556	7,486,799
Prior period adjustment					1,121		1,121
Net Assets - Beginning, as restated					<u>6,731,364</u>	<u>756,556</u>	<u>7,487,920</u>
Net Assets - Ending					<u>\$ 6,709,016</u>	<u>661,009</u>	<u>7,370,025</u>

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2004

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	District 1 Maintenance Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash	\$ 1,911,442	627,385	1,993,579	4,532,406
Property tax receivable	1,574,480	182,400	831,900	2,588,780
Fines receivable (net of allowance for uncollectibles of \$367,719)	134,628			134,628
Intergovernmental receivables	73,410			73,410
Other receivables	305			305
Due from other funds	11,163	7,020	30,232	48,415
Total Assets	<u>\$ 3,705,428</u>	<u>816,805</u>	<u>2,855,711</u>	<u>7,377,944</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Claims payable	\$ 259,573	86,967	292,945	639,485
Intergovernmental payables	82,543			82,543
Due to other funds	44,644		4,000	48,644
Deferred revenue	1,709,108	182,400	831,900	2,723,408
Other payables	14,491			14,491
Total Liabilities	<u>2,110,359</u>	<u>269,367</u>	<u>1,128,845</u>	<u>3,508,571</u>
Fund balances:				
Reserved for:				
Debt service			117,581	117,581
Unemployment compensation			46,160	46,160
Unreserved, reported in:				
General Fund	1,595,069			1,595,069
Special Revenue Funds		547,438	1,563,125	2,110,563
Total Fund Balances	<u>1,595,069</u>	<u>547,438</u>	<u>1,726,866</u>	<u>3,869,373</u>
Total Liabilities and Fund Balances	<u>\$ 3,705,428</u>	<u>816,805</u>	<u>2,855,711</u>	<u>7,377,944</u>

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY  
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets  
September 30, 2004

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 3,869,373
Amounts reported for governmental services in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$4,456,273.	4,003,872
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	134,628
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	<u>(1,298,857)</u>
Total Net Assets - Governmental Activities	<u>\$ 6,709,016</u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2004

	Major Funds			Total Governmental Funds
	General Fund	District 1 Maintenance Fund	Other Governmental Funds	
<b>REVENUES</b>				
Property taxes	\$ 1,584,684	180,592	824,803	2,590,079
Road and bridge privilege taxes		37,813	143,363	181,176
Licenses, commissions and other revenue	94,961		4,500	99,461
Fines and forfeitures	125,396		34,363	159,759
Intergovernmental revenues	392,416	196,456	1,313,238	1,902,110
Charges for services	25,498		88,586	114,084
Interest income	39,877	10,801	29,481	80,159
Miscellaneous revenues	41,852		22,342	64,194
<b>Total Revenues</b>	<b>2,304,684</b>	<b>425,662</b>	<b>2,460,676</b>	<b>5,191,022</b>
<b>EXPENDITURES</b>				
Current:				
General government	1,557,083		65,814	1,622,897
Public safety	691,503		307,664	999,167
Public works		457,911	1,976,610	2,434,521
Health and welfare	140,748			140,748
Culture and recreation	75,813		8,065	83,878
Conservation of natural resources	49,527			49,527
Economic development and assistance	26,207		45,500	71,707
Debt service:				
Principal	50,104		244,236	294,340
Interest	29,987		27,280	57,267
<b>Total Expenditures</b>	<b>2,620,972</b>	<b>457,911</b>	<b>2,675,169</b>	<b>5,754,052</b>
Excess of Revenues over (under) Expenditures	(316,288)	(32,249)	(214,493)	(563,030)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued			640,561	640,561
Proceeds from sale of capital assets	10,165	2,837	141,051	154,053
Transfers in		35,314	334,961	370,275
Transfers out	(14,704)	(46,609)	(307,363)	(368,676)
<b>Total Other Financing Sources and Uses</b>	<b>(4,539)</b>	<b>(8,458)</b>	<b>809,210</b>	<b>796,213</b>
Net Changes in Fund Balances	(320,827)	(40,707)	594,717	233,183
Fund Balances - Beginning	1,915,896	588,145	1,132,149	3,636,190
Fund Balances - Ending	\$ 1,595,069	547,438	1,726,866	3,869,373

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2004

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 233,183
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$600,776 exceeded depreciation of \$423,568 in the current period.	177,208
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the gain of \$50,653 and the proceeds from the sale of \$154,053 in the current period.	(103,400)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	10,669
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds of \$640,561 exceeded debt repayments of \$294,340.	(346,221)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by the amount of the reduction in compensated absences.	<u>6,213</u>
Change in Net Assets of Governmental Activities	<u>\$ (22,348)</u>

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY  
Statement of Net Assets - Proprietary Fund  
September 30, 2004

Exhibit 5

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Services Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 165,376
Accounts receivable (net of allowance for uncollectibles of \$83,115)	<u>136,145</u>
Total Current Assets	<u>301,521</u>
Noncurrent assets:	
Capital assets, net	<u>452,924</u>
Total Noncurrent Assets	<u>452,924</u>
Total Assets	<u>754,445</u>
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	36,596
Due to other funds	7,163
Unearned revenue	<u>45,591</u>
Total Current Liabilities	<u>89,350</u>
Noncurrent liabilities:	
Non-capital debt:	
Compensated absences payable	<u>4,086</u>
Total Noncurrent Liabilities	<u>4,086</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	452,924
Restricted:	
Public works	<u>208,085</u>
Total Net Assets	<u>\$ 661,009</u>

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY  
Statement of Revenues, Expenses and Changes in Fund Net Assets -  
Proprietary Fund  
For the Year Ended September 30, 2004

Exhibit 6

	Business-type Activities - <u>Enterprise Fund</u> Solid Waste Services <u>Fund</u>
Operating Revenues	
Charges for services	\$ 462,462
Miscellaneous	24,612
Total Operating Revenues	<u>487,074</u>
Operating Expenses	
Personal services	236,372
Contractual services	152,058
Materials and supplies	134,869
Depreciation expense	54,890
Indirect administrative cost	7,163
Total Operating Expenses	<u>585,352</u>
Operating Income (Loss)	<u>(98,278)</u>
Nonoperating Revenues (Expenses)	
Interest income	4,330
Net Nonoperating Revenue (Expenses)	<u>4,330</u>
Net Income (Loss) Before Transfers	(93,948)
Transfers out	<u>(1,599)</u>
Changes in Net Assets	(95,547)
Net Assets - Beginning	<u>756,556</u>
Net Assets - Ending	<u>\$ 661,009</u>

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2004

Exhibit 7

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Services Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 462,873
Payments to suppliers	(218,964)
Payments to employees	(282,239)
Payments to General Fund for indirect costs	(5,333)
Other operating cash receipts	<u>24,612</u>
Net Cash Provided (Used) by Operating Activities	<u>(19,051)</u>
Cash Flows From Noncapital Financing Activities	
Cash paid to other funds:	
Operating transfers out	<u>(1,599)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,599)</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	<u>(70,788)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(70,788)</u>
Cash Flows From Investing Activities	
Interest on investments	<u>4,330</u>
Net Cash Provided (Used) by Investing Activities	<u>4,330</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(87,108)
Cash and Cash Equivalents at Beginning of Year	<u>252,484</u>
Cash and Cash Equivalents at End of Year	<u>\$ 165,376</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>(98,278)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	54,890
Provision for uncollectible accounts	8,800
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(13,513)
Increase (decrease) in claims payable	21,155
Increase (decrease) in compensated absences liability	941
Increase (decrease) in unearned revenue	5,124
Increase (decrease) in interfund payables	<u>1,830</u>
Total Adjustments	<u>79,227</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (19,051)</u>

The notes to the financial statements are an integral part of this statement.

AMITE COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2004

Exhibit 8

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 19,310
Due from other funds	<u>7,392</u>
Total Assets	<u><u>\$ 26,702</u></u>
<b>LIABILITIES</b>	
Amounts held in custody for others	\$ 20
Intergovernmental payables	<u>26,682</u>
Total Liabilities	<u><u>\$ 26,702</u></u>

The notes to the financial statements are an integral part of this statement.

## AMITE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2004

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Amite County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Amite County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county. There are no outside organizations that should be included as component units of the county's reporting entity.

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and therefore are reported as part of the audited financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The county's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities and fund financial statements, which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Assets presents the financial condition of the governmental activities and business-type activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the county.

## AMITE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2004

#### Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

#### C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

The county's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

General Fund - This fund is used to account for all activities of the general government for which a separate fund has not been established.

District 1 Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for District 1 road maintenance.

The county reports the following major Proprietary Fund:

Solid Waste Services Fund - This fund is used to account for all activities related to the disposal of solid waste within the county.

## AMITE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2004

Additionally, the county reports the following fund types:

#### GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

#### PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the county has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

#### FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the county, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

#### D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2001 by the Government Finance Officers Association and the *Mississippi County Financial Accounting Manual* as revised in 2002 by the Office of the State Auditor.

#### E. Deposits and Investments.

State law authorizes the county to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the county may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.

#### F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

AMITE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2004

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statement. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. The extent to which capital assets costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Amite County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the county's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds.

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

\* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

AMITE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2004

I. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the Proprietary Funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Fund Statement of Net Assets.

J. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, constructions or improvements of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

K. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the county. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

AMITE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2004

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

L. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

M. Compensated Absences.

The county has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Prior Period Adjustment.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

<u>Explanation</u>	<u>Amount</u>
Capital assets	\$ <u>1,121</u>
Total prior period adjustment	\$ <u><u>1,121</u></u>

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2004, was \$4,717,092, and the bank balance was \$4,733,920. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

AMITE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2004

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2004:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Governmental Funds	\$ 4,000
General	Solid Waste Services	7,163
District 1 Maintenance	General	7,020
Other Governmental Funds	General	30,232
Agency Funds	General	7,392
Total		\$ 55,807

The Other Governmental Funds payable was to purchase fire trucks. The Solid Waste Services Fund payable is the indirect administrative costs incurred during the year. All other amounts represent the tax revenue collected but not settled until October, 2004. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
District 1 Maintenance Fund	Other Governmental Funds	\$ 35,314
Other Governmental Funds	District 1 Maintenance Fund	46,609
Other Governmental Funds	General Fund	14,704
Other Governmental Funds	Solid Waste Services Fund	1,599
Other Governmental Funds	Other Governmental Funds	272,049
Total		\$ 370,275

The principal purpose of interfund transfers was to provide funds for road repair, payoff a capital lease, support central repair fund and fund the unemployment compensation fund. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2004, consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Legislative tax credit	\$ 73,410

AMITE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2004

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2004:

Governmental activities:

	Balance Oct. 1, 2003	Additions	Deletions	Adjustments *	Balance Sept. 30, 2004
<u>Non-depreciable capital assets:</u>					
Land	\$ 102,628	0	0	0	102,628
<u>Depreciable capital assets:</u>					
Infrastructure	303,612	301,164			604,776
Buildings	2,000,924			51,771	2,052,695
Mobile equipment	4,515,977	31,978	200,053		4,347,902
Furniture and equipment	257,826	53,073			310,899
Leased property under capital leases	978,318	214,561	151,634		1,041,245
Total depreciable capital assets	8,056,657	600,776	351,687	51,771	8,357,517
<u>Less accumulated depreciation for:</u>					
Infrastructure	10,628	21,204			31,832
Buildings	983,720	31,429		23,828	1,038,977
Mobile equipment	2,880,221	311,774	180,047	13,164	3,025,112
Furniture and equipment	201,981	23,313			225,294
Leased property under capital leases	153,792	35,848	68,240	13,658	135,058
Total accumulated depreciation	4,230,342	423,568	248,287	50,650	4,456,273
Total depreciable capital assets, net	3,826,315	177,208	103,400	1,121	3,901,244
Governmental activities capital assets, net	\$ 3,928,943	177,208	103,400	1,121	4,003,872

Business-type activities:

	Balance Oct. 1, 2003	Additions	Deletions	Adjustments *	Balance Sept. 30, 2004
<u>Non-depreciable capital assets:</u>					
Land	\$ 105,547	0	0	0	105,547
<u>Depreciable capital assets:</u>					
Buildings	284,408				284,408
Mobile equipment	431,445	70,788			502,233
Furniture and equipment	118,194				118,194
Total depreciable capital assets	834,047	70,788	0	0	904,835

AMITE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2004

	Balance <u>Oct. 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments *</u>	Balance <u>Sept. 30, 2004</u>
<u>Less accumulated depreciation for:</u>					
Buildings	68,256	5,690			73,946
Mobile equipment	327,938	49,200			377,138
Furniture and equipment	<u>106,374</u>				<u>106,374</u>
Total accumulated depreciation	<u>502,568</u>	<u>54,890</u>	<u>0</u>	<u>0</u>	<u>557,458</u>
Total depreciable capital assets, net	<u>331,479</u>	<u>15,898</u>	<u>0</u>	<u>0</u>	<u>347,377</u>
Business-type activities capital assets, net	\$ <u>437,026</u>	<u>15,898</u>	<u>0</u>	<u>0</u>	<u>452,924</u>

\* Adjustments are to correct prior year errors.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<u>Governmental Activities:</u>	
General government	\$ 62,742
Public safety	123,179
Public works	<u>237,647</u>
Total governmental activities depreciation expense	\$ <u>423,568</u>
<u>Business-type activities:</u>	
Solid waste	\$ <u>54,890</u>

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$500,000 for law enforcement, fire fighters and road construction personnel and \$400,000 for all other employees for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2004, to January 1, 2005. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

AMITE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2004

(8) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2004:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Building	\$ 826,684
Mobile equipment	<u>214,561</u>
Total	1,041,245
Less: Accumulated depreciation	<u>135,058</u>
Leased Property Under Capital Leases	<u>\$ 906,187</u>

The following is a schedule by years of the total payments due as of September 30, 2004:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 79,391	32,298
2006	82,981	28,708
2007	190,552	23,896
2008	61,718	18,373
2009	65,020	15,071
2010 - 2014	<u>216,667</u>	<u>23,588</u>
Total	<u>\$ 696,329</u>	<u>141,934</u>

(9) Long-term Debt.

Debt outstanding as of September 30, 2004, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
A. General Obligation Bonds:			
Districts 1, 2 & 3 hospital bond	\$ <u>155,000</u>	6.70/7.00%	06-11
B. Capital Leases:			
General county - adult detention facility	\$ 510,404	5.35%	11-11
District 5 Caterpillar 140H motor grader	165,569	2.89%	05-07
District 2 Caterpillar backhoe loader	<u>20,356</u>	2.67%	08-07
Total Capital Leases	<u>\$ 696,329</u>		

AMITE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2004

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
C. Other Loans:			
CAP Loan - fire trucks	\$ <u>412,142</u>	2.00%	08-12

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Assets are as follows:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2005	\$ 20,000	10,680	41,381	7,865
2006	20,000	9,340	42,217	7,030
2007	20,000	7,990	43,069	6,177
2008	20,000	6,630	43,938	5,308
2009	25,000	5,250	44,825	4,421
2010 - 2014	<u>50,000</u>	<u>5,250</u>	<u>196,712</u>	<u>8,474</u>
Total	\$ <u>155,000</u>	<u>45,140</u>	<u>412,142</u>	<u>39,275</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2004, the amount of outstanding debt was equal to .17% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2004:

	Balance Oct. 1, 2003	Additions	Reductions	Adjustments	Balance Sept. 30, 2004	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 41,599		6,213		35,386	
General obligation bonds	170,000		15,000		155,000	20,000
Capital leases	747,250	194,561	245,482		696,329	79,391
Other loans		446,000	33,858		412,142	41,381
Total	\$ <u>958,849</u>	<u>640,561</u>	<u>300,553</u>	<u>0</u>	<u>1,298,857</u>	<u>140,772</u>
Business-type Activities:						
Compensated absences	\$ <u>3,145</u>	<u>941</u>	<u>0</u>	<u>0</u>	<u>4,086</u>	<u>0</u>

## AMITE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2004

(10) Contingencies.

Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the county's financial statements.

Litigation - The county is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings. However, the county's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the county.

(11) Joint Ventures.

The county participates in the following joint ventures:

Amite County is a participant with the Counties of Franklin, Lawrence, Lincoln, Pike, Walthall and Wilkinson, and the Cities of Brookhaven, McComb and Osyka in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Southwest Regional Solid Waste Management Authority. The joint venture was created to study the disposal of solid waste within the aforementioned counties and cities and is governed by ten board members. Each governmental authority appoints one board member. By contractual agreement, the county's appropriation is based on the volume of solid waste from each government. Complete financial statements for the Southwest Regional Solid Waste Management Authority can be obtained from P.O. Box 667, McComb, MS 39649.

Amite County is a participant with the Counties of Pike and Walthall in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the Pike-Amite-Walthall Regional Library System. The joint venture was created to provide library service for the three counties and is governed by five board members. The Counties of Amite and Pike appoint two board members each and Walthall County appoints one board member. By contractual agreement, the county's appropriation to the joint venture was \$75,000 in fiscal year 2004. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

Amite County is a participant with Pike County and the City of McComb in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate the Southwest Mississippi Regional Medical Center. The joint venture was created to provide medical services for the residents of the local area and is governed by seven board members. Amite County appoints one board member, while Pike County and the City of McComb appoint two members individually and jointly they appoint two members. The hospital is basically self-supporting. However, the counties and city have the power to approve or disapprove the hospital's budget and are authorized to levy taxes for the maintenance and operation of the hospital. Complete financial statements for the Southwest Mississippi Regional Medical Center can be obtained from 215 Marion Avenue, McComb, MS 39648.

(12) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Southwest Mississippi Planning and Development District operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Amite County Board of Supervisors appoints four of the 40 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$25,584 for support of the district in fiscal year 2004.

## AMITE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2004

Southwest Mississippi Mental Health Complex operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Amite County Board of Supervisors appoints one of the ten members of the board of commissioners. The county appropriated \$24,800 for its support in fiscal year 2004.

Southwest Mississippi Community College operates in a district composed of the Counties of Amite, Pike, Walthall and Wilkinson. The Amite County Board of Supervisors appoints three of the 14 members of the college board of trustees. The county appropriated \$346,234 for the operation and maintenance of the college in fiscal year 2004.

Southwest Mississippi Development Corporation operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The entity is governed by ten members, appointed by each county's lead industrial foundation or chamber of commerce. If no industrial foundation or chamber of commerce is present, the member is appointed by the county's Board of Supervisors. The county appropriated \$2,720 for its support in fiscal year 2004.

(13) Defined Benefit Pension Plan.

Plan Description. Amite County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2004, 2003 and 2002 were \$152,477, \$149,601 and \$141,216, respectively, equal to the required contributions for each year.

AMITE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

AMITE COUNTY

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AMITE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2004

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,525,600	1,579,601	1,579,601	
Licenses, commissions and other revenue	72,400	95,175	95,175	
Fines and forfeitures	113,000	124,126	124,126	
Intergovernmental revenues	319,600	402,974	402,974	
Charges for services	8,000	14,940	14,940	
Interest income	54,000	39,042	39,042	
Miscellaneous revenues	19,000	45,948	45,948	
Total Revenues	<u>2,111,600</u>	<u>2,301,806</u>	<u>2,301,806</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,379,691	1,448,241	1,438,215	10,026
Public safety	608,700	658,688	658,688	
Health and welfare	106,359	140,359	144,358	(3,999)
Culture and recreation	75,000	75,300	75,300	
Conservation of natural resources	60,400	50,156	49,815	341
Economic development and assistance	105,975	26,385	22,724	3,661
Debt service:				
Principal	81,000	50,104	50,104	
Interest		29,987	29,987	
Total Expenditures	<u>2,417,125</u>	<u>2,479,220</u>	<u>2,469,191</u>	<u>10,029</u>
Excess of Revenues over (under) Expenditures	<u>(305,525)</u>	<u>(177,414)</u>	<u>(167,385)</u>	<u>10,029</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets		1,674	1,674	
Premiums on bonds issued		8,700	8,700	
Transfers in		451,333	451,333	
Transfers out		(10,000)	(10,000)	
Other financing sources		10,000		(10,000)
Total Other Financing Sources and Uses	<u>0</u>	<u>461,707</u>	<u>451,707</u>	<u>(10,000)</u>
Net Change in Fund Balance	(305,525)	284,293	284,322	29
Fund Balances - Beginning	<u>1,789,800</u>	<u>1,508,306</u>	<u>1,508,306</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,484,275</u>	<u>1,792,599</u>	<u>1,792,628</u>	<u>29</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

AMITE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 District 1 Maintenance Fund  
 For the Year Ended September 30, 2004

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 180,203	180,203	180,203	
Road and bridge privilege taxes	37,744	37,744	37,744	
Intergovernmental revenues	196,456	196,456	196,456	
Interest income	10,801	13,637	10,801	(2,836)
Total Revenues	<u>425,204</u>	<u>428,040</u>	<u>425,204</u>	<u>(2,836)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	386,243	432,158	386,243	45,915
Total Expenditures	<u>386,243</u>	<u>432,158</u>	<u>386,243</u>	<u>45,915</u>
Excess of Revenues over (under) Expenditures	<u>38,961</u>	<u>(4,118)</u>	<u>38,961</u>	<u>43,079</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	2,837		2,837	2,837
Transfers in	34,619	34,619	34,619	
Transfers out	(45,914)	(45,914)	(45,914)	
Total Other Financing Sources and Uses	<u>(8,458)</u>	<u>(11,295)</u>	<u>(8,458)</u>	<u>2,837</u>
Net Change in Fund Balance	30,503	(15,413)	30,503	45,916
Fund Balances - Beginning	<u>585,000</u>	<u>596,884</u>	<u>596,884</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 615,503</u>	<u>581,471</u>	<u>627,387</u>	<u>45,916</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

AMITE COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2004

A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The county's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and the major Special Revenue Fund:

	<u>Governmental Fund Types</u>	
	General	District 1
	Fund	Maintenance
	<u>Fund</u>	<u>Fund</u>
Budget (Cash Basis)	\$ 284,322	30,503
Increase (Decrease)		
Net adjustments for revenue accruals	(372,715)	1,153
Net adjustments for expenditure accruals	<u>(232,434)</u>	<u>(72,363)</u>
GAAP Basis	<u>\$ (320,827)</u>	<u>(40,707)</u>

AMITE COUNTY

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AMITE COUNTY

SPECIAL REPORTS

AMITE COUNTY

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## State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors  
Amite County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Amite County, Mississippi, as of and for the year ended September 30, 2004, and have issued our report thereon dated May 25, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Amite County, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

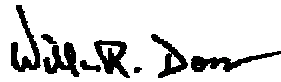
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amite County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than this specified party. However, this report is a matter of public record and its distribution is not limited.



PHIL BRYANT  
State Auditor



WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

May 25, 2005



## State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

### INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES (REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))

Members of the Board of Supervisors  
Amite County, Mississippi

We have made a study and evaluation of the central purchasing system and inventory control system of Amite County, Mississippi, as of and for the year ended September 30, 2004. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

The Board of Supervisors of Amite County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Amite County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Amite County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that study and evaluation.

This report is intended for use in evaluating the central purchasing system and inventory control system of Amite County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



PHIL BRYANT  
State Auditor



WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

May 25, 2005

AMITE COUNTY  
 Schedule of Purchases Not Made From the Lowest Bidder  
 For the Year Ended September 30, 2004

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
01-13-04	Limestone	\$ 26 tons at \$25.50 a ton	Bear Industries	\$ 26 tons at \$23.60 a ton	Lowest bidder out of product.
07-29-04	Diesel	28 gallons at \$1.79 per gallon	Old River Supply	28 gallons at \$1.39 per gallon	Lowest bidder unable to operate pump.
08-19-04	Limestone	60 tons at \$25.50 a ton	Bear Industries	60 tons at \$17.00 a ton	Lowest bidder out of product.
08-27-04	Limestone	75 tons at \$25.50 a ton	Bear Industries	75 tons at \$17.00 a ton	Lowest bidder out of product.
08-31-04	Limestone	511 tons at \$25.50 a ton	Bear Industries	511 tons at \$17.00 a ton	Lowest bidder out of product.
09-08-04	Limestone	112 tons at \$25.50 a ton	Bear Industries	112 tons at \$17.00 a ton	Lowest bidder out of product.
09-17-04	Limestone	280 tons at \$25.50 a ton	Bear Industries	280 tons at \$17.00 a ton	Lowest bidder out of product.

AMITE COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2004

Schedule 2

Our test results did not identify any emergency purchases.

AMITE COUNTY  
Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2004

Schedule 3

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
10-10-03	Program chip	\$	2,236	EST Software, Inc.
02-09-04	Program chip		556	EST Software, Inc.

AMITE COUNTY

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AMITE COUNTY

SCHEDULE OF FINDINGS

AMITE COUNTY

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AMITECOUNTY

Schedule of Findings  
For the Year Ended September 30, 2004

Section 1: Summary of Auditor's Results

*Financial Statements:*

- |    |   |             |
|----|---|-------------|
| 1. | Type of auditor's report issued on the financial statements:                      | Unqualified |
| 2. | Internal control over financial reporting:  |             |
| a. | Material weakness identified?   | No          |
| b. | Reportable condition identified that is not considered to be a material weakness? | No          |
| 3. | Noncompliance material to the financial statements?                               | No          |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.